

State of Alaska

2009 Municipality and Qualified Organization Annual Financial Statement

GENERAL INSTRUCTIONS

WHO MUST FILE

All municipalities or qualified organizations issued a gaming permit must complete a permittee annual financial statement at the end of each calendar year.

DUE DATE OF REPORT

The report must be filed by March 15 of the year following the year in which a permit was issued.

WHO MUST SIGN

The report must be signed, under penalty of unsworn falsification, by the primary or alternate member in charge and the organization's president or treasurer; two separate individuals must sign. If your organization pays someone to prepare the report, the paid preparer must also sign and date the report and provide the name and address of their firm.

PAYMENT OF FEES

A check made payable to the State of Alaska for any 1% fee must be mailed with the report or paid on-line at www.tax.state.ak.us/tops.

WHERE TO SEND THE REPORT

Mail the report to Tax Division, Gaming Group, PO Box 110420, Juneau, Alaska 99811-0420, or deliver to the 11th Floor, State Office Building, in Juneau.

BINGO AND PULL-TAB REPORTING

You must use accrual accounting to report self-directed bingo and pull-tab activity. You may wish to consult an accounting professional to prepare your books before starting this report. An operator or MBP report for bingo or pull-tab activity conducted on your behalf will already be on the accrual method. **See 15 AAC 160.830.**

GENERAL ORDER FOR COMPLETION OF SCHEDULES FOR ANNUAL FINANCIAL STATEMENT

Do not fill in the forms for the Annual Financial Statement until you have read all the instructions. The following steps outline the general order for completion of the schedules required for preparation of the Annual Financial Statement. Before starting to prepare the report, you should complete record-

ing all gaming transactions and make any accrual adjustments necessary for proper reporting of net proceeds earned from bingo and pull-tabs

Detailed instructions can be found in this pamphlet for preparation of each schedule. If you have questions about the forms, please refer to the instructions for each form.

Step No. 1. Complete Pull-Tab Quarterly/Annual Report Attachment (Sch. D) to report completed pull-tab games not previously included in your organization's quarterly reports.

Step No. 2. Complete the schedule of Cost of Pull-Tab Games and Bingo Cards (Sch. C-1). This form is required whenever your organization conducts bingo or pull-tab activities [without an operator or Multiple Beneficiary Permit (MBP)] and should be completed before the schedule of Game-Related Expenses for Permittee-Conducted Gaming (Sch. C) is completed. Your organization will need professional assistance with the Annual Financial Statement if your member in charge does not understand inventory or accounts payable issues.

Step No. 3. Complete the schedule of Game-Related Expenses for Permittee-Conducted Gaming (Sch. C). Refer to the instructions in this pamphlet. All gaming expenses must be included on Schedule C, even if the total for any activity is in excess of the percentage limits. There are special instructions for allocation of expenses among activities (see "Authorized Expenses" on page 5). If total expenses reported on Schedule C exceed allowed limits, see the instructions for Page 1, line 9. If your organization needs assistance in summarizing the checks issued during the year, please refer to the instructions for the Quarterly Report.

Step No. 4. Complete the Permittee Activity Report (Sch. AP). Detailed instructions for this form are included later in this pamphlet. If your organization needs assistance in summarizing the gaming bank account deposits and checks issued during the year, please refer to the instructions for the Quarterly Report.

Step No. 5. Complete the Vendor Activity Report (Sch. AV) and the vendor column for Cost of Pull-Tabs on Sch. C-1, if you contracted with a registered vendor during any part of the year.

Step No. 6. Complete Operator/Multiple-Beneficiary Permittee Activity Report (Sch. AO). This form is used when a permittee contracts with an operator or is a member of a multiple-beneficiary permit (MBP). Detailed instructions for reporting both operator-conducted gaming and gaming conducted by an MBP are included in this pamphlet.

Step No. 7. Complete the schedule for Donations of Net Proceeds (Sch. E). See instructions later in this pamphlet to answer your questions.

Step No. 8. Complete the Calculation of 1% Fee Due on Page 1, line 11. No fee is due if total gross receipts are less than \$20,000. Net proceeds may need adjustment for excess expenses or bingo prizes. Use the worksheets on Page 10 of these instructions to compute any required adjustment.

Step No. 9. Complete the Gaming Account Balance on Page 1 of the Annual Financial Statement. Detailed instructions for the Gaming Account Balance and related schedules are included in this pamphlet.

Note: You may omit unused pages from the report.

REQUIRED ATTACHMENTS:

- December 31 bank statements and reconciliations for the current year and the prior year.
- Explanation of the difference between the prior year ending balance of the gaming account and the beginning balance of the current year, if they differ.
- If there is more than one gaming account, a schedule listing each account and itemizing with beginning and ending balances for each, and giving a grand total for beginning and ending balances.
- A list of the types of expenses and the amount of each, to support the amount entered on Sch. C, line 13, Other expenses.
- Worksheets from page 10 of these instructions, if there is an entry on Page 1, line 9.
- Copy of each Calcutta Pool report for each Calcutta Pool conducted during the year.

SPECIFIC INSTRUCTIONS, PAGE 1

ORGANIZATION INFORMATION

Enter your organization information in the spaces provided.

CALCULATION OF 1% FEE DUE

Complete steps 1 through 7. If the total gross receipts on line 4 are under \$20,000, stop here and go to line 15. NO 1% FEE IS DUE.

Note regarding Line 8, Total Net Proceeds. This amount must be paid out for authorized uses within one year. (See instructions for Schedule E, Donations of Net Proceeds.)

Line 9, Excess Expenses and Bingo or Calcutta Pool Prizes. Excess expenses and prizes must be added back to the net proceeds to compute the 1% fee. Excess expenses for all activities and excess bingo and Calcutta pool prizes, if any, are calculated on worksheets at Page 10 and summarized on a single schedule, at the top of Page 10. Enter the total on line 9.

Lines 10, Amount Subject to 1% Fee. Add lines 8 and 9 to compute the amount subject to the 1% fee and enter the total on line 10.

Line 11, Fee. If the amount of gross receipts on line 4 is \$20,000 or more, then multiply the amount on line 10 by 1% and enter the amount on line 11.

If the total amount of gross receipts on line 4 is less than \$20,000, stop here and go to line 15. NO 1% FEE IS DUE.

Lines 12 and 13, Penalty for Late Payment and Interest. If your organization has not filed its return by the due date, compute the penalty and interest and include with your payment for the 1% fee due. The interest rate is 12% per year, or 1% per month. The failure to pay penalty is calculated at 1% per 30 day period or fraction of a period, not to exceed 25% of the fee on line 11.

Line 14, Total amount due. Add lines 11, 12 and 13, and put the total amount due on line 14.

GAMING ACCOUNT BALANCE

Line 15, Prior Year Balance. The amount entered should agree with the year-end reconciled balance entered on your organization's prior-year Annual Financial Statement. If not, attach an explanation to the report.

Line 18, Other Deposits and Increases. Compute the amount of deposits and other increases on Schedule F. Enter the total amount on line 4 of Schedule F, on line 18. Instructions for Schedule F are on Page 9.

Line 19, Total. Add lines 16, 17 and 18 and enter the amount on line 19.

If you keep gaming funds in more than one account, you must include each such account in the gaming account balance on Page 1. Attach December 31, 2008, and December

31, 2009, bank statements and reconciliations for each gaming account and a schedule that lists each account with the beginning and ending balances and a grand total of all the accounts for the beginning and ending balances.

Line 20, Total Donations of net proceeds. Transfer the amount from your Schedule E Grand Total line to line 20 of Page 1.

Line 21, Other Disbursements and Reductions. Use Schedule F-1 to summarize other disbursements and reductions. Instructions for Schedule F-1 are on Page 9.

Line 22, Total reductions. Add lines 20 and 21 and put the total on line 22.

Line 23, Year-end Balance. Add lines 15 and 19, then subtract line 22 and put the amount on line 23. This should agree with the reconciled balance of the current year's December 31 bank statement for the games of chance and skill checking account. If it does not agree, then something was missed in the completion of the Annual Financial Statement or in this part of the report and you should go back and check your work and the bank reconciliations. All bank transactions must be included on one of the lines of the Gaming Account Balance Section of the AFS [many of the transactions will be used to compute net proceeds on line 16], or line 23 won't agree with the year-end reconciled bank balance. Any transaction used to compute net proceeds that did not go through the gaming account will require an entry on Schedules F or F-1.

OPERATOR/MULTIPLE-BENEFICIARY PERMITTEE ACTIVITY REPORT (SCHEDULE AO, PAGE 2)

OPERATOR/MULTIPLE-BENEFICIARY PERMITTEE (MBP) INFORMATION

If your organization used an operator or was a member of an MBP during any part of the year, enter the operator/MBP information in the spaces provided. If more than one operator was used during the year, or if you were a member of more than one MBP, use a separate form to report gaming information received from each entity.

Use the Annual Report received from your operator or MBP to complete this schedule.

Columns A through F: This information is found on Schedule A of the Annual Report provided to your organization by the operator or MBP. Enter the amounts from the operator report or MBP report on this form.

Column E, Game-Related Expenses. Enter only the total expense for each activity from Schedule A provided by the operator or MBP. *Do not prepare a separate Schedule C to report the detail of game-related expenses for operator-conducted or MBP-conducted gaming*

Line 10, Columns A and F. Enter the amount from Column A, line 10, Total Gross Receipts, on Page 1, line 1. Enter the amount from Column F, Line 10, Total Net Proceeds, on Page 1, line 5.

More Than One Operator or MBP during the Year: Prepare a separate Schedule AO for each operator used, or for each MBP of which you were a member during the year, and enter the sum of the total gross receipts (Column A, line 10) for all operators or MBPs on a combined total Schedule AO. Then enter the results of the combined total Schedule AO on Page 1, line 1, of this report. Enter the sum of the net proceeds (Column F, line 10) for all operators or MBPs on Page 1, line 5.

Application Fees and Other General Expenses when All Gaming is Conducted through an Operator or MBP: Schedule AO doesn't provide space to enter general gaming expenses paid from the gaming account. Expenses such as permit application fees and the 1% fee on net proceeds should be entered on Schedule C, Page 3, lines 13 and 14, with the total transferred to Page 1, line 6, as a negative number.

PERMITTEE ACTIVITY REPORT (SCHEDULE AP, PAGE 3)

Do not report any information related to vendor sale of pull-tabs on this schedule.

This schedule reports gaming activities your organization conducted on its own behalf. All receipts and expenses related to gaming activities must be deposited to, and disbursed from, a separate gaming account.

Instructions for worksheets to accumulate deposits and expenses can be found in the instructions for the Quarterly Report. If your organization maintains a general ledger, the information required for this report will be summarized there.

Line 1, Total Gross Receipts. Enter the total receipts for each gaming activity on Line 1 in the appropriate column for the activity. Use Columns D through H for activities other than bingo, pull-tabs and raffles. Enter the sum of the receipts from all activities in Column I and on Page 1, line 2.

Total Gross Receipts when sales tax is imposed by a municipality: Sales tax collected is not considered part of the sales price

of a gaming device, such as a pull-tab or bingo card. This is money owed to the municipality. It is not income from the gaming activity. Do not include this amount on line one. If the sales tax is not collected as a percent of the ideal sales price (\$1.00 x 4% tax = .04 + 1.00 = \$1.04 that should be collected, but only \$1.00 was collected), the sales tax paid to the municipality will reduce the gross receipts reported on line 1 (ideal sales price of \$1.00 - .04 = .96 gross revenue from sale of the pull-tab).

When a check is written to the municipality for the sales tax owed, the amount *should not be included in gaming expenses or on line 2, Taxes*. The money was collected from the purchasers of the pull-tabs or bingo cards and is simply being forwarded to the municipality.

See the instructions for Schedules F and F-1 if your gaming activities were subject to sales tax.

Line 2, Taxes. Do not include the 3% pull-tab tax paid when the game was purchased. Enter the amount of tax paid (such as the federal excise tax on the sale of pull-tabs) for each gaming activity on line 2 in the applicable column. Enter the sum of taxes paid for all activities in Column I. Pull-tab tax paid should be entered on Schedule C, line 7.

Sales Taxes: Do not include sales taxes with the taxes reported in line 2. Please refer to the discussion for line 1, Total Gross Receipts, and instructions for Schedules F and F-1.

Line 3, Cost of Prizes Awarded. All prizes awarded for each gaming activity, other than donated prizes, must be entered on Schedule AP, even if the prizes are in excess of the limits. Enter the prizes awarded for each gaming activity in the applicable column of line 3. The amount entered here should not include any donated prizes. (Donated prizes do not reduce the net proceeds from the gaming activity.)

However, donated prizes are part of the total prize limitation for bingo, pull-tabs and all other games as set out in the regulations.

Note: Door prizes are entered on Schedule C, line 12.

Note: Bingo prizes and Calcutta pool prizes (and expenses) are limited for purposes of computing the 1% fee. Bingo prizes are limited to 85% of gross receipts from bingo activity. This is a limitation **in addition to** the total annual prize limitation for bingo. Calcutta pool prizes and expenses are also limited—their combined total may not exceed 50% of the pool of wagers. Use the worksheet on page 10 to compute these limitations.

Line 4, Adjusted Gross Income. Subtract Taxes (line 2) and Cost of Prizes Awarded (line 3) from Total Gross Receipts

(line 1) and enter this amount on line 4 for each activity. Enter the sum of Adjusted Gross Income (line 4) for all activities in Column I.

Line 5, Game-Related Expenses. Enter the total expense for each activity from Schedule C, line 14, in the proper column of line 5. Enter the sum of all game-related expenses in Column I.

Line 6, Net Proceeds. Subtract Game-Related Expenses (line 5) from Adjusted Gross Income (line 4) and enter this amount on line 6 for each activity. Enter the sum of Net Proceeds (line 6) for all activities in Column I and on Page 1, line 6.

SCHEDULE AV REGISTERED VENDOR ACTIVITY REPORT

Use this form to report all sales of pull-tabs by vendor(s) registered under AS 05.15.188 to sell pull-tabs on your behalf. **Do not report vendor sales with other pull-tab sales on Schedules AP or C.** Pull-tab expenses must be reported using the accrual method of accounting.

Vendor Information. Enter the ABC license number and name of each vendor registered under AS 05.15.188 on the lines provided.

Column A, Gross Receipts. Enter the *ideal gross receipts* for all games delivered to each vendor on the appropriate line. Enter total ideal gross, not the amount of payment received from the vendor. Enter the total gross receipts for all vendors on the bottom line labeled “Totals” and on Page 1, line 3.

Gross receipts when sales tax is imposed by the municipality: If your municipality imposes a sales tax on the sale of pull-tabs and requires the tax to be paid on the ideal sales price, the ideal gross must be reduced by the amount of sales tax paid. See instructions for Schedules F and F-1 for required adjustments to the gaming account balance. If the vendor pays the sales tax from his funds, your organization will report the ideal gross receipts. Enter the total gross receipts in Col. A on Page 1, line 3, of the Annual Financial Statement.

Column B, Taxes. Enter taxes paid (such as the federal excise tax on the sale of pull-tabs) on games delivered to each vendor on the appropriate line. Do not include city sales tax on this line. See Schedule F, Page 10, for further information on sales tax.

Column C, Cost of Prizes Awarded. Enter the total ideal prize amount for all games delivered to each vendor on the appropriate line. Enter ideal prizes, not the actual prizes paid out by your organization's vendor(s). Enter the total cost of prizes awarded for all vendors on the "Totals" line. This total prize amount entered is part of your total non-bingo prize limitation for the year.

Column D, Adjusted Gross Income. Subtract Columns B and C from Column A and enter the difference in Column D for each vendor. Enter the total adjusted gross income for all vendors on the "Totals" line.

Column E, Vendor Compensation. Enter the total compensation retained by your vendor when the vendor paid the organization for the pull-tab games. Your vendor paid you 70% of ideal net upon delivery of the game; vendor compensation is the remaining 30% of ideal net. Enter the total vendor compensation for all vendors on the "Totals" line.

Columns F and G, Cost of Pull-Tab Games and Pull-Tab Tax Paid. Use Schedule C-1 to calculate the cost of games. Enter the cost of games in Column F for each vendor and the 3% tax paid in Column G. Enter the total cost of games and the total 3% tax paid for all vendors on the "Totals" line. **DO NOT** include the cost of these games or the pull-tab tax on Schedule C.

Column H, Other Vendor Expenses. Enter other vendor-related expenses on the appropriate line for each vendor. These expenses include the costs of game delivery to a vendor and accounting for vendor sales. If the only gaming you do is vendor pull-tab sales, the permit application fee, and the 1% fee on net proceeds, in addition to the registered vendor fee, are included here. Caution—do not include any expenses of the vendor, but only permittee expenses in dealing with the vendor. Permittees are not allowed to pay or reimburse vendors for any expenses. Enter the total expense for all vendors on the "Totals" line. **Attach a detailed schedule of all expenses included in this column.**

Column I, Total Expense. Add Columns E, F, G and H and enter the total in Column I for each vendor on the appropriate line. Enter the total expense for all vendors on the "Totals" line.

Column J, Net Proceeds. Subtract Column I from Column D and enter the result in Column J for each vendor. Enter the total net proceeds for all vendors on the "Totals" line and on Page 1, line 7.

GAME-RELATED EXPENSES FOR PERMITTEE-CONDUCTED GAMING (SCHEDULE C, PAGE 5)

Do not report operator, MBP and vendor expenses on this schedule.

All gaming expenses must be reported on Schedules C and AP, even if they are in excess of percentage limits.

Do not report sales tax on Schedules C or AP; see Schedules AP, F and F-1 instructions.

Authorized Expenses. Remember that expenses are allowed only if they directly relate to the operation of authorized games. Permittees are required to report all gaming expenses on Schedule C, even if they are in excess of the percentage limitations.

If your organization held more than one type of gaming activity and cannot determine how much of a certain expense (for example, professional services or advertising) relates to each activity, the expense should be allocated among the gaming activities. Acceptable allocation methods are those that most accurately match expenses to the revenue from the activity. The following methods are acceptable:

Space Used: a ratio of the amount of space required to conduct a gaming activity to the total space used for all gaming activities of an operation, or

Time Spent: a ratio of the time spent conducting a gaming activity to the total time available for all gaming activities.

Compute the ratios in the same way that the ratio for building expenses is computed (see the instructions for lines 2 and 11). Use the percentage computed (from the method that more accurately matches expenses to the activity) to allocate the expense to that activity. Compute the amount of expense for other activities in the same way.

Unauthorized Expenses. Only ordinary, necessary and reasonable expenses of the games may be deducted as game-related expenses.

Rental fees and lease agreements that provide exorbitant returns to the owner or lessor of the property, and contractual agreements that provide exorbitant compensation for individuals, violate the statutes and regulations and may be cause for suspension, revocation or denial of a permit. Other unauthorized expenses are identified in Alaska gaming laws.

Line 1, Rent of Facility. If the facility is used only for gaming activities, see the instructions for lines 2 through 13.

Rent and other facility costs must be allocated if the facility is used for both gaming and administrative or other non-gaming purposes. If the facility is not used exclusively for gaming, see the instructions for allocation of expenses at line 2, below.

Caution: If a lease of premises other than the permittee's primary gaming location is executed for the sale of pull-tabs by an employee, volunteer or member of the permittee, at a premises that would otherwise qualify as a vendor location, lease payments may not exceed 20% of the ideal net of the pull-tab activity conducted in the premises.

Lines 2 through 13 (other than line 11). Enter the expenses incurred for each gaming activity from the summary of your gaming account under the applicable gaming activity Column. The summary may be a general ledger or a worksheet as illustrated in the Quarterly Report instructions. Specific instructions for some lines follow. If a given expense item is not listed on one of these lines, include it in the "Other Expenses" of line 13.

Line 2, Other Facility Costs. The expenses for a facility used in gaming and owned by the permittee organization are not allowed as an expense unless the building is used exclusively for gaming purposes. If part of the building is used exclusively for gaming, expenses related to that portion of the building are deductible as gaming expenses. If you qualify to deduct building expenses, use the worksheet below to compute the allocation of building expenses to gaming activities on a square foot basis:

- | | |
|--|---------|
| 1. Square feet used only for gaming activities. | _____ |
| 2. Total square feet. | _____ |
| 3. Ratio of gaming space to total square feet: line 1 divided by line 2. | _____ % |

Use the percentage computed above to allocate various building expenses to gaming activities.

Other methods of allocation may be acceptable; however, the allocation must be reasonable under the circumstances and must conform to generally accepted accounting principles.

The resulting expenses allocable to the gaming activity must be divided among the individual activities. Use the same method to allocate common expenses among two or more gaming activities that is used to allocate between gaming and non-gaming activities.

Acceptable allocation methods are those that most accurately match expenses to the revenue from the activity. The following methods are acceptable:

Space Used: A ratio of the amount of space required to conduct a gaming activity to the total space used for all gaming activities of an operation; or

Time Spent: A ratio of the time spent conducting a gaming activity to the total time available for all gaming activities.

Compute the ratios in the same way that the ratio for building expenses is computed (see instructions for line 11). Use the percentage computed (for the method that more accurately matches expenses to the activity) to allocate building expenses to each activity.

Line 9, Advertising. The total amount of authorized expense that may be deducted for advertising is limited to five percent of your organization's adjusted gross income from gaming. The limitation is based on the adjusted gross income from **all** gaming activities, not just on the adjusted gross income from each separate gaming activity. Enter advertising expense as an expense of the activity to which it relates.

Line 11, Depreciation. Only straight line depreciation may be used. The depreciation period is five years for personal property and computer software used in gaming activity. The depreciation period is ten years for an improvement to leased real property that a permittee owns and uses in a gaming activity; if the permittee does not own the improvement, no depreciation may be claimed. The depreciation period is 30 years for real property that a permittee owns and uses in gaming activity. **In lieu of depreciation, a permittee may expense the entire cost of five-year property in the year of purchase if expenses remain within the limits of AS 05.15.160.**

Line 13, Other Expenses. These may be deducted only if they are directly related to the operation of the games. You must list all miscellaneous expenses, with the applicable amounts, on a separate sheet of paper and attach it to this Annual Financial Statement. Some miscellaneous expenses are addressed in detail below.

Non-alcoholic Refreshments. Deduct the total cost of non-alcoholic refreshments given free of charge during authorized games of chance and skill.

NOTE: Alaska gaming law says that "a bingo game may not be held, operated or conducted under a permit, in a room,

enclosure or outdoor area where alcoholic beverages are sold, served or consumed during the progress of the bingo game.”

Permit Fees. Deduct the fees paid during the year for permits for authorized games of chance and skill and the 1% fee paid with the Annual Financial Statement for last year.

Line 14, Total Expenses. Compute total expenses for each activity type and enter the results on line 14. Use the worksheets below to determine whether or not expenses are limited.

Prize and Expense Limitations for 1% Fee Calculation. Permittees are required to report all gaming expenses on Schedule C, even if they are in excess of the percentage limitations. However, if there are excess expenses, they must be entered on Page 1, line 9, and added to the net proceeds reported on Page 1, line 8, to compute the amount subject to the 1% fee. Use the worksheets on Page 10 to compute the amount to add back to the net proceeds.

Pull-Tab Activity: Total deductible expenses for a **pull-tab activity may not exceed 70 percent** of the annual adjusted gross income from the sale of pull-tabs. If Schedule C, line 14, is more than 70% of Column B, line 4, of the Permittee Activity Report (Schedule AP), use the worksheet on page 10 to compute any excess for Page 1, line 9 of this report.

Other Gaming Activities: Authorized expenses that may be deducted for a gaming activity **other than pull-tabs may not exceed 90 percent** of the annual adjusted gross income from that activity. If Schedule C, line 14, for a given column, is more than 90% of line 4 of the Permittee Activity Report (Schedule AP) for that column, use the worksheet on page 10 for each activity other than pull-tabs that you conducted, to compute any excess for Page 1, line 9 of this report. See Page 4 of these instructions regarding bingo prize limits and Calcutta pool prize and expense limits that are also computed on the worksheets on Page 10.

COST OF PULL-TAB GAMES AND BINGO CARDS (SCHEDULE C-1, PAGE 7)

Note: Use this schedule to record beginning and ending inventories and to report the cost of pull-tab games and bingo cards purchased for gaming activities that your organization conducts on its own behalf or for pull-tabs purchased for vendor sales.

Cost of Pull-Tab Games:

Inventory Method. Check the box for the method used to report pull-tab inventory. These instructions compute the cost of pull-tab games using the cost of unopened games for beginning and ending inventories. The method must be the same each year. If your current inventory procedures compute the cost of inventory of unused games using a more precise method (such as percentage of completion of individual games) you may use that method for reporting purposes.

Inventory Records. Beginning and ending inventory records must be kept with all other accounting records. Beginning and ending inventories must *list unopened games* by the State ID Stamp Number and cost of the game. Other information may be kept for your own use. *Do not include the inventory of unopened games with this report.*

Line 1, Cost of inventory of unopened games at beginning of year. For the first gaming year in which your organization conducts pull-tab activities on its own behalf, the beginning inventory will be zero. In subsequent years, the cost of beginning inventory will be the ending inventory from December 31 of the prior year.

Line 2, Purchase of Pull-Tab Games. Report the cost of all pull-tab games purchased during the current period. Pull-tab games purchased for gaming conducted at a vendor location are deducted on the Vendor Activity Report (Sch. AV). Do not deduct them a second time on Schedule C. See instructions for the Vendor Activity Report.

Line 4, Cost of inventory of unopened games at the end of the year. Enter the cost of games that remain unopened (games not yet placed in play) at the end of the year on line 4.

Line 5, Cost of Pull-Tab Games. Subtract line 4 from line 3. Enter the result on line 5. This is the cost of pull-tab games placed in play. Enter the amount from the self-directed column on Game-Related Expenses for Permittee-Conducted Gaming (Sch. C), Col. B, line 8.

Cost of Bingo Cards:

Inventory Records. Beginning and ending inventory records must be kept with all other accounting records. Beginning and ending inventories must be computed in a consistent manner. Bingo paper should be listed by unopened boxes, or packets (identified by manufacturer and type) with associated costs. Unused sheets may be recorded according to price.

Line 1, Cost of inventory of bingo cards at beginning of year. For the first gaming year in which your organization conducts bingo, the beginning inventory will be zero. In subsequent years, the cost of beginning inventory will be the ending inventory from December 31 of the prior year.

Line 2, Purchase of Bingo Cards. Report the cost of all bingo cards purchased during the current year for bingo games conducted by your organization on its own behalf.

Line 4, Cost of inventory of unused cards at the end of the year. Enter the cost of bingo cards that are unused (bingo sheets not sold) at the end of the year on line 4.

Line 6, Cost of Bingo Cards. Subtract line 4 from line 3. Enter the result on line 6. This is the cost of bingo cards sold. Enter this amount on Game-Related Expenses for Permittee-Conducted Gaming (Sch. C, Column A, line 8).

PULL-TAB REPORT ATTACHMENT (SCHEDULE D, PAGE 5)

Use this form to report **completed** pull-tab games **not previously included** on your organization's quarterly reports. *Use a separate attachment for games sold by your organization or by a vendor.* Use additional pages if more space is required. If you filed quarterly report Schedules D, check the "yes" box on the form.

Operator contract or Multiple-Beneficiary Permittee Member: If your organization participates in pull-tab gaming through an operator or an MBP, do not complete Schedule D for games sold by the operator or MBP. It has been filed for your organization by the operator or MBP.

General Information. Enter your organization's name and permit number in the spaces provided.

License Number. Enter the license number of the distributor selling the game in this column.

State ID Stamp Label. Attach the pull-tab State ID Stamp Labels in this column. If the label is not available, write in the ID number and attach an explanation to the report why the labels are not attached.

Game Serial Number and Form Number. Enter the serial number and form number for each game in the space provided.

Gross Receipts, Prize Payout and Ideal Net. Enter the ideal gross receipts, ideal prize payout and ideal net in the applicable columns.

3% Tax. Enter the 3% tax paid when the game was purchased by your organization.

Date In/Date Out. Enter the dates the game was placed in play (date in) and completed (date out) in this column. For games provided to a vendor, use the date the game was delivered to the vendor as the opened and closed date.

DONATIONS OF NET PROCEEDS (SCHEDULE E, PAGE 6)

Net proceeds derived from gaming activities, the amount entered on Page 1, line 8, must be spent, within one year following the year in which they were earned, on uses stated in Alaska law. List each recipient of net proceeds, the purpose of the donation, and the amount, date and check number for each payment.

All payments of net proceeds must be listed, including funds used within the organization. The total from this schedule is entered on Page 1 of the Annual Financial Statement, line 20. Use additional forms as needed. A transfer of net proceeds to your general account is not a qualified use of net proceeds under AS 05.15.150.

If you did transfer net proceeds to the general account, or any other account use Schedule E to report how the money was used. You must account for all net proceeds transferred to your general account by listing the general account check number, date, recipient, purpose and the amount of each payment.

If your organization needs to hold net proceeds for a period longer than one year, you must apply to the Department for special permission. Upon good cause shown, the Department may grant the request. For net proceeds held for more than a year, see AS 05.15.150(b) and 15 AAC 160.822.

If you donate net proceeds to another permittee organization, you must make some effort to ensure that each recipient uses the donated net proceeds in accordance with statute. Report the recipient's permit number on Schedule E. See 15 AAC 160.810.

OTHER DEPOSITS AND INCREASES (SCHEDULE F, PAGE 7)

Use this schedule, along with Schedule F-1, Other Disbursements and Reductions, to help reconcile the gaming account balance reported on Page 1.

Line 1, Prior-year net proceeds deposited in January of the current year. If your organization worked with an operator last year, or was a member of an MBP, some net proceeds may not have been deposited by the year end. Prior-year net proceeds received this year should be entered on line 1.

If your organization conducted gaming on its own and had gross receipts for the prior year, that you did not deposit in your gaming account by December 31 of the prior year, the receipts deposited this year should also be included on this line, as well as the beginning inventories from Schedule C-1, line 1.

Line 2, Sales Tax. Enter the city sales tax collected, or the reduction to gross receipts on Schedule AP, line 1, if sales tax wasn't collected, on this line [see the instructions for gross receipts for more information about sales taxes].

Line 3, Other deposits and increases. Explain other deposits or increases on the lines provided. For example, the initial deposit to open the account may have been a transfer from the general account. Include here also any loans or gifts received during the year, including donations of net proceeds received from another permittee. See 15 AAC 160.363.

Line 4, Total Deposits. Add lines 1, 2 and 3. Enter the result on line 4 and on Page 1, line 14, of the Annual Financial Statement.

OTHER DISBURSEMENTS AND REDUCTIONS (SCHEDULE F-1, PAGE 7)

Line 1, Current year net proceeds not deposited by December 31 of the current year. If your organization worked with an operator, or was a member of an MBP, and received net proceeds from the operator or MBP after the end of the year, enter the amount received on line 1.

If your organization conducted gaming on its own and had gross receipts for the current year that were not deposited to the gaming account by December 31, that amount should also be included on this line.

Line 2, Sales Tax Paid. City sales tax paid is not deductible on Schedules AP or AV and should be entered here.

Note: The sales tax should not be deducted as a tax or general expense in computing net proceeds from gaming. **See the instructions for gross receipts.**

Line 3, Other Disbursements/reductions. Explain any other reductions to cash on the lines provided. For example, non-gaming receipts that should have been deposited to the general account but were inadvertently deposited to the gaming account are entered here. Also enter the closing inventories from Schedule C-1, line 4.

Line 4, Total Other Adjustments. Combine lines 1 through 3. Enter the result on line 4 and on Page 1, Line 21, of the Annual Financial Statement.

Prize and Expense Limitation Worksheets.

Page 1, Line 9, Excess Expenses and Bingo Prizes.

Excess expenses and bingo/Calcutta pool prizes are added to net proceeds reported on Page 1, line 8, to compute the amount subject to the 1% fee. Use these worksheets to compute excess expenses. Use the summary worksheet below to compute the amount to enter on line 9, Page 1, of the report.

Summary Worksheet

1. Excess bingo prizes (from worksheet below) _____
2. Excess pull-tab expenses (from worksheet below) _____
3. Excess Calcutta pool prizes and expenses (from worksheet below) _____
4. Excess bingo expenses (from worksheet below) _____
5. Excess expenses from other gaming activity (from worksheet below) _____
6. Total to Page 1, line 9 _____

Bingo prizes are limited to 85% of gross receipts from bingo activity. This is **in addition to** the total annual prize limitation for bingo. Compute the bingo prize limitation on the worksheet below.

1. Annual bingo prize limitation * _____
2. Gross receipts from bingo (Sch AP, line 1) _____
3. Percent limit (line 2 x line 3) .85
4. Percentage bingo limitation _____
5. Prizes paid from gross receipts (Sch AP, line 3) _____
6. Lesser of line 1 or line 4 _____
7. Value of donated prizes _____
8. (Line 6 - line 7) _____
9. Lesser of line 5 or line 8 _____
10. Excess prizes (line 5 – line 8) ** _____

*\$840,000 ordinarily; \$660,000 with an operator.

**If the amount is negative, enter -0-.

Enter the amount computed on line 10 to line 1 of the Summary Worksheet.

Pull-Tab Activity: If pull-tab expenses on line 14, column B, Schedule C, are more than 70% of the annual adjusted gross income [AGI] from pull-tab sales (line 4, column B, Schedule AP), use the following worksheet to compute any excess:

1. Enter expense amount from Sch. C, line 14 _____
 2. Enter amount from Sch. AP, Col. B, line 4, Pull-tabs * _____
 3. Expense limitation .70
 4. Multiply line 2 by line 3 _____
 5. Subtract line 4 from line 1* _____
- * If the amount is negative, enter -0-.

If line 5 is a positive number, enter the total from line 5, to line 2 of the Summary Worksheet.

Calcutta pool: If the sum of prizes and expenses exceed 50% of line 1 of the Permittee Activity Report (Schedule AP) for a Calcutta pool, compute the excess on the worksheet below. A separate computation is required for each Calcutta Pool – make copies of this schedule, as needed.

1. Enter the prize amount from Sch. AP, line 3 _____
2. Enter the expense amount from Sch. C, line 14 _____
3. Add lines 1 and 2 _____
4. Enter gross receipts from Sch. AP, line 1 _____
5. Prize and expense limitation .50
6. Multiply line 1 by line 2 _____
7. Subtract line 6 from line 3 _____

If line 7 is a positive number, enter the total of all positive numbers from line 7 on line 3 of the Summary Worksheet.

Other Gaming Activities: If expenses for a gaming activity other than pull-tabs or a Calcutta pool (line 14 of the applicable column on Schedule C) are more than 90% of the AGI from the activity, use the following worksheet to compute any excess for each activity—use photo copies of this worksheet if there is more than one activity:

1. Enter expense amount from Sch. C, line 14 _____
2. Enter amount from Sch. AP, line 4 * _____
3. Expense limitation .90
4. Multiply line 2 by line 3 _____
5. Subtract line 4 from line 1* _____

* If the amount is negative, enter -0-.

If line 5 is positive, enter the total from line 5 on line 5 of the Summary Worksheet. If line 5 is positive for more than one activity, enter the total from all activities on line 5 of the Summary Worksheet.